

United States District Court
Central District of California

THE PRUDENTIAL INSURANCE
COMPANY OF AMERICA, a New Jersey
Corporation,

Plaintiff,

v.

LORENA CONTRERAS, an individual,
N.C., a minor,

Defendants.

Case No. 2:19-cv-00606-ODW (PLAx)

**ORDER GRANTING, IN PART,
DEFENDANTS' MOTION FOR
APPROVAL OF PETITIONS FOR
MINORS' COMPROMISE [48, 55–58]**

I. INTRODUCTION

Pending before the Court is an unopposed motion filed by Defendant Lorena Contreras (“Contreras”) for approval of petitions for minors’ compromise (“Motion”). (Mot. to Approve Minors’ Compromise (“Mot.”), ECF No. 55.) In support of the Motion, Contreras filed two MC-350 forms (the “MC-350 Petitions”) completed by Juan Contreras¹ (the “Guardian”) on behalf of Contreras’s minor children, N.C. and V.C. (*See* MC-350 Pets., ECF Nos. 56, 57.) Prior to filing the Motion, Contreras

¹ The Court previously appointed Juan Contreras as Guardian Ad Litem for Defendant N.C. (a minor) and non-party V.C. (a minor). (ECF Nos. 39–40.)

1 requested disbursement of funds held by the Court, in accordance with the same
2 minors' compromise proposed in the Motion. (Req. for Disb., ECF No. 48.)

3 Also pending before the Court is Contreras's application for (1) leave to file the
4 proposed minors' trusts under seal, and (2) leave to file all future documents relating
5 to the minors' trusts also under seal ("Application"). (*See* App. to File Sealed Docs.
6 ("App."), ECF No. 58.)

7 For the reasons that follow, the Court **GRANTS in part** the Motion to approve
8 the minors' compromise (ECF Nos. 55–57), **DENIES** the Application to file
9 documents under seal (ECF No. 58), and **DENIES** without prejudice the Request for
10 Disbursement (ECF No. 48).²

11 II. BACKGROUND

12 This case concerns the distribution of benefits paid under a life insurance policy
13 (the "SGLI Coverage") provided by Plaintiff, The Prudential Insurance Company of
14 America ("Prudential"). (*See* Order re Joint Stip. ("Stip. Order") ¶¶ 1–4, ECF
15 No. 43.) By completing a form called a "Servicemembers' Group Life Insurance
16 Election and Certificate" dated November 1, 2013 (the "SGLI Election Form"), the
17 insured, Sgt. Jimmy F. Carias-Amaya, designated both his spouse (Contreras) and his
18 daughter (N.C.) as primary beneficiaries of the SGLI Coverage, each to receive 100%
19 shares of the benefits. (*See* Compl. Ex. A ("SGLI Election Form"), ECF No. 1-1;
20 Stip. Order ¶ 4.) After the SGLI Election Form was filed, Sgt. Carias-Amaya and
21 Contreras had a second child, V.C. (Decl. of Lorena Contreras ("Contreras Decl.")
22 ¶ 3, ECF No. 48-1; Mot. 2.) After V.C. was born, but before updating the SGLI
23 Election Form, Sgt. Carias-Amaya passed away. (Contreras Decl. ¶ 3; Mot. 2.)

24 Prudential brought the current interpleader action to determine how the policy
25 benefits ought to be split between the two named beneficiaries, Contreras and N.C.
26 (*See* Compl., ECF No. 1.) But Contreras maintains that even though V.C. was not

27 ² After carefully considering the papers filed in connection with the Motion, Application, and
28 Request, the Court deemed the matters appropriate for decision without oral argument. Fed. R. Civ.
P. 78; C.D. Cal. L.R. 7-15.

1 named as a defendant, Sgt. Carias-Amaya intended for Contreras, N.C., *and* V.C. to
2 receive equal shares of the policy benefits as the *three* intended primary beneficiaries.
3 (Contreras Decl. ¶ 3; Mot. 5–6.) Because Prudential has no interest in how the policy
4 benefits ultimately get divided, it deposited the face value of the policy into the Court
5 and has been discharged of all further liability to Defendants as to this matter. (*See*
6 Stip. Order ¶¶ D–F.)

7 Without labeling it as such, the remaining parties (namely, Contreras, and the
8 Guardian on behalf of N.C. (together, “Petitioners”)) seek the Court’s approval of
9 what is effectively a proposed settlement agreement. Specifically, Contreras moves
10 the Court to approve two petitions for minors’ compromise filed by Contreras, on
11 behalf of the Guardian, on behalf of N.C. and V.C. (*See* Mot.; MC-350 Pets.) In
12 other words, Petitioners agree on how the funds at issue ought to be split, and they
13 have coordinated in filing the present Request for Disbursement, Motion, MC-350
14 Petitions, and Application to file documents under seal. (*See generally* Req. for Disb.;
15 Decl. of Juan Contreras ISO Req. for Disb., ECF No. 48-2; Mot.; Decl. of Juan
16 Contreras ISO Mot., ECF No. 55-3; MC-350 Pets.; and App.)

17 **III. DISCUSSION**

18 Petitioners’ Motion proposes a minors’ compromise under which the policy
19 benefits would be distributed in three equal shares amongst Contreras, N.C, and V.C.
20 (*See* Mot.) Also included in the Motion is an explanation of the attorney’s fees sought
21 by Contreras’s counsel (“Counsel”). (Mot. 8–9.) Further, Petitioners seek the Court’s
22 approval to file copies of the trusts (and any trust-related documents that will
23 henceforth need to be filed) under seal. (*See* App.) And before any of these requests
24 were made, Petitioners requested disbursement of the funds at issue in accordance
25 with the same terms proposed in the Motion. (*See generally* Req. for Disb.) The
26 Court addresses these requests in turn.

1 **A. Motion to Approve the Minors' Compromise**

2 Local Rule 17-1.2 mandates that “[n]o claim in any action involving a
3 minor . . . shall be settled, compromised, or dismissed without leave of the Court
4 embodied in an order, judgment, or decree.” C.D. Cal. L.R. 17-1.2. This rule reflects
5 the general principle that “the court in which a minor’s claims are being litigated has a
6 duty to protect the minor’s interests.” *Salmeron v. United States*, 724 F.2d 1357, 1363
7 (9th Cir. 1983). Consequently, “a court must independently investigate and evaluate
8 any compromise or settlement of a minor’s claims to assure itself that the minor’s
9 interests are protected, even if the settlement has been recommended or negotiated by
10 the minor’s parent or guardian ad litem.” *Id.* (internal citation omitted); *see also*
11 *Robidoux v. Rosengren*, 638 F.3d 1177, 1181 (9th Cir. 2011). For the reasons
12 discussed below, the Court **GRANTS in part** the Motion to approve the proposed
13 minors’ compromise. (ECF No. 55–57.)

14 1. *Petitioners Sufficiently Complied with California Rules of Court,*
15 *Rules 7.950, 7.951, and 7.952*

16 State law governs a federal court’s determination regarding the fairness of a
17 settlement of a minor’s claim. *Robidoux*, 638 F.3d at 1181. Under California law, a
18 court has “broad power . . . to authorize payment from the settlement—to say who and
19 what will be paid from the minor’s money—as well as [to] direct certain individuals to
20 pay it.” *Goldberg*, 23 Cal. App. 4th at 1382. For the Court to approve a minors’
21 settlement or compromise, Local Rule 17-1.3 requires that “[i]nsofar as practicable,
22 hearings on petitions to settle, compromise, or dismiss a claim in an action involving a
23 minor . . . shall conform to Cal. Civ. Proc. Code § 372 and California Rule of Court
24 3.1384.” C.D. Cal. L.R. 17-1.3. And California Rule of Court 3.1384 indicates that a
25 petition for compromise of a minor’s claim “must comply with [California Rules of
26 Court] 7.950, 7.951, and 7.952.” Cal. Rules of Court, Rule 3.1384.

27 In this case, Petitioners have complied with Rules 7.950, 7.951, and 7.952.
28 First, Petitioners provided verified petitions for approval of the minors’ compromise,

1 as required by California Rule of Court 7.950. (*See generally* MC-350 Petitions.)
2 Second, Counsel has complied with California Rule of Court 7.951, which requires
3 Counsel to disclose certain information regarding Counsel’s interest in a petition to
4 compromise a claim. (Decl. of Seth M. Goldberg ISO Mot. (“Goldberg Decl.”) ¶ 6,
5 ECF No. 55-1; *see also* Cal. Rules of Court, Rule 7.951; *see C.B. v. Sonora Sch. Dist.*,
6 No. 1:09-CV-00285 OWW SMS, 2010 WL 703191, at *3–*4 (E.D. Cal. Feb. 25,
7 2010) (indicating that the court “reviewed the petition and [found] that it contain[ed]
8 all the information required by . . . Rule 7.951”).) Third, as explained in footnote 2,
9 *supra*, the Court determined that good cause existed to decide the matter without a
10 hearing, so analysis under California Rule of Court 7.952 is unnecessary. *See* Cal.
11 Rules of Court, Rule 7.952 (stipulating that the Court for good cause may dispense
12 with the hearing). Thus, Petitioners have complied with the established procedural
13 rules required to petition the Court for approval of the minors’ compromise.

14 2. *The Net Recoveries to N.C. and V.C. are Fair and Reasonable*

15 A court’s role in approving a minor’s compromise is to “assure that whatever is
16 done is in the minor’s best interest,” and that “the compromise is sufficient to provide
17 for the minor’s injuries, care and treatment.” *S. W. v. Frey*, No. CV 09-06936 GAF
18 (CTx), 2011 WL 13213587, at *2 (C.D. Cal. June 7, 2011). The Ninth Circuit has
19 instructed that in cases involving the settlement of a minor’s claim, courts should
20 “limit the scope of their review to the question [of] whether the net amount distributed
21 to each minor plaintiff in the settlement is fair and reasonable, in light of the facts of
22 the case, the minor’s specific claim, and recovery in similar cases,” and should
23 “evaluate the fairness of each minor plaintiff’s net recovery without regard to the
24 proportion of the total settlement value designated for adult co-plaintiffs or plaintiffs’
25 counsel—whose interests the district court has no special duty to safeguard.”
26 *Robidoux*, 638 F.3d at 1181–82 (citing *Dacanay v. Mendoza*, 573 F.2d 1075, 1078
27 (9th Cir. 1978)). “So long as the net recovery to each minor plaintiff is fair and
28

1 reasonable . . . the district court should approve the settlement as proposed by the
2 parties.” *Robidoux*, 638 F.3d at 1182.

3 In light of the facts of this case, the proposed minors’ compromise is fair and
4 warrants the Court’s approval. The SGLI Election Form lists Contreras and N.C. as
5 primary beneficiaries, each to receive 100% of the benefits. (*See generally* SGLI
6 Election Form.) Contreras states that she and Sgt. Carias-Amaya discussed updating
7 the SGLI Election Form after the birth of their second child, V.C., and that she
8 believed that Sgt. Carias-Amaya had already updated the SGLI Election Form to
9 reflect the agreement now sought by Petitioners. (Contreras Decl. ¶ 3.) No evidence
10 (or argument) has been presented to contradict Contreras’s Declaration.

11 The Court finds that, as Petitioners suggest, “the most logical presumption that
12 can be inferred” from the SGLI Election Form is that Sgt. Carias-Amaya intended for
13 the SGLI Coverage benefits to be shared equally amongst the primary beneficiaries.
14 (Mot. 5.) Further, the Court finds that Petitioners’ agreement to treat V.C. as a third
15 primary beneficiary, thereby equally splitting the SGLI Coverage benefits three ways,
16 is fair to both N.C. and V.C. in light of the circumstance that the SGLI Election Form
17 was completed before V.C. was born. *See Chance v. Protective Life Ins. Co.*,
18 No. 1:15-cv-01588-DAD-MJS, 2016 WL 900052, *1–*3 (E.D. Cal. Mar. 9, 2016)
19 (approving a three-party agreement, involving two minors, to divide life insurance
20 benefits into three equal shares).

21 The Court notes, however, that Petitioners’ Motion seeks to have the Court
22 *reform* Sgt. Carias-Amaya’s insurance contract with Prudential. (Mot. 4–6.)
23 Reformation is not available here, in part because Prudential has already fully
24 discharged its duties under the contract, and there is nothing left to reform. *See*
25 *Campbell v. Republic Indem. Co. of Am.*, 149 Cal. App. 2d 476, 480 (1957)
26 (“[Reformation] *assumes the existence of a valid contract* which failed to express the
27 actual intention of the parties and it *contemplates the continuance of the contractual*
28 *relation* upon the basis which they truly intended.” (emphasis added)). Accordingly,

1 the Court **DENIES** Contreras's request to reform the insurance contract between Sgt.
2 Carias-Amaya and Prudential.

3 Regardless, the Court need not reform the insurance contract in order to
4 approve a disbursement plan to which all parties agree. *See generally Goldberg v.*
5 *Superior Court*, 23 Cal. App. 4th 1378, 1382 (1994). Thus, for the reasons discussed,
6 the court concludes that the proposed distribution adequately protects the interests of
7 the minors, N.C. and V.C., and **APPROVES** the proposed plan for distribution of the
8 policy benefits as outlined in the Motion and proposed minors' trusts (ECF Nos. 55–
9 57.)

10 **B. Counsel's Fees are Reasonable**

11 Next, the Court considers the amount of attorney's fees sought by Contreras'
12 counsel. Local Rule 17-1.4 requires the Court to "fix the amount of attorney's fees"
13 in "all actions involving the claim of a minor." *See* C.D. Cal. L.R. 17-1.4; *A.G.A. v.*
14 *Cty. of Riverside*, No. EDCV 19-00077-VAP (SPX), 2019 WL 2871160, at *2 (C.D.
15 Cal. Apr. 26, 2019). "In all cases under [California] Code of Civil Procedure
16 section 372 . . . the court must use a reasonable fee standard when approving and
17 allowing the amount of attorney's fees payable from money or property paid or to be
18 paid for the benefit of a minor." Cal. Rules of Court, Rule 7.955(a)(1). Additionally,
19 the Court may consider the fourteen nonexclusive factors outlined in California Rule
20 of Court 7.955(b) in determining the reasonableness of an attorney's fees. *See*
21 *Gonzalez v. Diversified Real Prop. Mgmt. & Bus. Servs., Inc.*, No. SA CV 09-718 PA
22 (RNBx), 2010 WL 10105756, at *2–*3 (C.D. Cal. Mar. 29, 2010) (setting forth the
23 requirements of Rule 7.955(a) and (b) and "conclud[ing] that based on the amount of
24 time Plaintiffs' counsel devoted to this matter, the quality of his work, and the results
25 obtained, the requested attorneys' fees and costs [we]re reasonable").

26 Here, Contreras submits that the fees Counsel seeks to recover from Contreras
27 are fair and reasonable. (*See* Mot. 8–9.) Counsel also points out that, as counsel for
28 Contreras but not the Guardian, he is only seeking attorney's fees from Contreras.

(Goldberg Decl. ¶ 6.) Counsel declares that he is charging Contreras a discounted rate of \$200 per hour, and his “fees and costs will not exceed \$2,500.00.” (Goldberg Decl. ¶¶ 5–6.) Considering, among other things, the amount of policy benefits at issue, the Court finds that the relevant factors set forth in California Rule of Court 7.955 weigh in favor of approving the amount of fees sought by Counsel. Thus, the Court **APPROVES** Counsel’s attorney’s fees insofar as they do not exceed a total of \$2,500.00, including costs, and provided they are not paid out of the minors’ portions of the policy benefits.

C. Application to File Documents Under Seal

The Court now turns to Petitioners’ Application to file documents under seal. (*See generally* App.) “[N]o case or document may be filed under seal without first obtaining approval by the Court.” C.D. Cal. L.R. 79-5.2. “Historically, courts have recognized a general right to inspect and copy public records and documents, including judicial records and documents.” *Kamakana v. City of Honolulu*, 447 F.3d 1172, 1178 (9th Cir. 2006) (internal quotations marks and citation omitted). Generally, a “party seeking to seal a judicial record then bears the burden of overcoming this strong presumption by meeting the compelling reasons standard. That is, the party must articulate[] compelling reasons supported by specific factual findings that outweigh the general history of access and the public policies favoring disclosure” *Id.* at 1178–79 (alteration in original) (internal quotation marks and citations omitted). However, where the documents or information the parties seek to file under seal are unrelated or only “tangentially related” to the underlying claims, the presumption of public access can be overcome simply by showing “good cause.” *Ctr. for Auto Safety v. Chrysler Grp., LLC*, 809 F.3d 1092, 1097 (9th Cir. 2016). Furthermore, under this Court’s rules governing applications to file under-seal documents in non-sealed civil cases, the request to seal must be “narrowly tailored to seal only the sealable material” C.D. Cal. L.R. 79-5.2.2(a)(ii).

Here, Petitioners assert that the minors’ trusts contain personal identifying and

1 financial information of minors N.C. and V.C., and they should therefore be filed
2 under seal out of concern for the minors' privacy and safety. (App. 3–6.) Petitioners
3 also point out that California Rule of Court 2.503 limits access to “[r]ecords in
4 proceedings to compromise the claims of a minor,” and Federal Rule of Civil
5 Procedure 5.2 states that “a filing with the court that contains . . . the name of an
6 individual known to be a minor . . . may include only . . . the minor’s initials.”
7 (App. 6–7.) Accordingly, Petitioners seek the Court’s approval to file not only the
8 minor’s trusts under seal, but also all future documents related to the trusts that must
9 be filed with the Court. (*See generally* App.)

10 As a preliminary matter, Petitioners’ broader request to file all future trust-
11 related documents under seal is vague and undefined. The Court is simply unable to
12 speculate as to whether the request to seal future documents is “narrowly tailored to
13 seal only the sealable material.” *See* C.D. Cal. L.R. 79-5.2.2(a)(ii). Accordingly,
14 Petitioners’ application to file future trust-related documents under seal is **DENIED**.
15 Petitioners are free to re-apply for the Court’s approval to file future documents under
16 seal, provided that such applications meet the procedural requirements of Local
17 Rule 79-5 and are otherwise supported by compelling reasons and/or good cause.

18 With respect to the minors’ trusts, after considering the Application and the
19 arguments therein, the Court finds compelling reasons and good cause to seal the
20 copies of the proposed minors’ trusts. Problematically, though, Petitioners have failed
21 to comply with the procedural requirements of Local Rule 79-5 in such ways that
22 granting the Application would prove unworkable. Petitioners have already filed
23 copies of the minors’ trusts under seal, without the Court’s approval and in violation
24 of Local Rule 79-5. (Minors’ Trusts, ECF Nos. 59–60.) Moreover, in what appears to
25 have been a failed attempt to file *redacted* copies of the minors’ trusts as exhibits to
26 the Application in accordance with Local Rule 79-5.2.2(a)(iii), Petitioners attached
27 *unredacted* copies of the minors’ trusts to the Application, thereby placing the minors’
28 private information in the public case file. (Minors’ Trusts Attachs., ECF Nos. 58-4,

1 58-5.) Indeed, approving the Application to file the minors' trusts under seal, which
2 have already been filed twice—once as publicly available documents, and once under
3 seal without Court approval—would accomplish nothing.

4 In light of the Court's findings, however, and to most efficiently rectify
5 Petitioners' blunders, the Court on its own motion directs the Clerk of Court to **SEAL**
6 **all documents under ECF No. 58**, thereby excluding those documents from the
7 public case file pursuant to Local Rule 5.2-2.2. Consequently, the Court **DENIES** the
8 Application to file the minors' trusts under seal as moot. (ECF No. 58.) Further, the
9 Court **STRIKES all documents filed under ECF Nos. 59–60** because they were
10 improperly filed without the Court's approval and are, in any event, duplicative of
11 attachments filed under ECF No. 58.

12 **D. Request for Disbursement**

13 Lastly, the Court addresses Contreras's outstanding Request for Disbursement,
14 which was filed on February 1, 2020. (ECF No. 48.) Notwithstanding this Request
15 for Disbursement, it appears that Petitioners are waiting for the Court's approval of
16 the proposed minors' compromise before establishing trust-regulated accounts on
17 behalf of N.C. and V.C., into which the requested funds would be disbursed. (*See*
18 *Mot. 7.*) As Petitioners acknowledge, the Court cannot disburse the funds into
19 accounts that do not exist yet. Accordingly, the pending Request for Disbursement is
20 **DENIED** without prejudice. (ECF No. 48.)

21 **V. CONCLUSION**

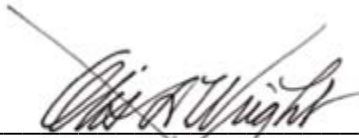
22 In summary of the foregoing:

- 23 1. Petitioners' Motion to approve the minors' compromise is **GRANTED in**
24 **part**, insofar as the Court **APPROVES** the proposed compromise and
25 Counsel's attorney's fees but **DENIES** the request for reformation. (ECF
26 Nos. 55–57.) Contreras, N.C., and V.C. shall each be entitled to one third of
27 the Prudential Policy benefits.
28

2. The Clerk of Court shall **SEAL all documents under ECF No. 58** and **STRIKE all documents under ECF Nos. 59–60**. The Application to file documents under seal is **DENIED** as moot. (ECF No. 58.)
3. The Request for Disbursement is **DENIED** without prejudice. (ECF No. 48.)
4. The parties are **ORDERED** to file a new stipulated request for disbursement **within thirty (30) days** of the filing of this Order or submit a joint status report explaining why such a request has not been filed by that time. Failure to comply with this Order may result in dismissal of this action without prejudice for lack of prosecution.

IT IS SO ORDERED.

August 7, 2020



OTIS D. WRIGHT, II
UNITED STATES DISTRICT JUDGE